



**Department of Justice  
U.S. Attorney's Office  
Southern District of Texas**

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**FOR IMMEDIATE RELEASE**  
MONDAY, JULY 24, 2006  
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**HOUSTON ATTORNEY SENTENCED FOR TAX FRAUD**

HOUSTON, TX – Gene Burd, a Houston personal injury attorney, was sentenced to 33 months in federal prison, without parole, by United States District Judge Melinda Harmon late afternoon on Friday, July 21, 2006. Burd pleaded guilty to the felony offense of making a false statement on an income tax return on June 24, 2005. Burd was also ordered to serve one year under the supervision of the United States Probation Office after he is released from prison and ordered to pay a fine of \$7,500.

Evidence presented to the Court showed that Gene Burd was a personal injury lawyer in Houston, Texas, who handled numerous car accident cases. He paid runners to solicit accident victims and bring the potential clients to his office. He contracted with his clients to make a claim against the other driver's insurance company on their behalf and he agreed to accept 33 percent of the settlement as his fee. Burd's office then referred the client to particular chiropractic clinics for therapy. Some clinic patients were referred to Burd's law office by the clinics.

After the therapy at the clinics was completed, Burd or his office would send a demand to the insurance company. After some negotiation, Burd settled the case and a check was mailed to him from the insurance company. When the case was settled, Burd would take the insurance company's settlement check and deposits it into his attorney-client trust account. He withdrew the money by writing three checks. One check went to the chiropractic clinic to pay for the treatment. The second check went to the client. The third check went to Burd as his legal fee and deposited into his operating account.

When the chiropractic clinic received their check from Burd they often deposit that check into a third party account instead of into their clinic's operating account. After the check was cashed in a case in which the patient was referred to the clinic by Burd, the clinic owner would meet privately with Burd and return 40-50 percent of the check to Burd in the form of a cash kickback. Burd kept the cash and did not deposit it into his operating account. This income received by Burd was never reported on his federal income tax return. The income reported by Burd on his income tax return was only that money that he received from the trust account by check and the salary checks received by Burd from his law firm. The cash kickbacks were not reported.

For each of the tax years 1996 and 1997, Burd failed to report the cash kickbacks

received from the chiropractic clinics. Likewise, Burd failed to report his share of the settlement proceeds skimmed from those clinics as a part owner of the clinic. In the two-year period that includes the 1996 and 1997 tax years, Burd failed to report in excess of \$686,114 that was personal income to him and his wife. Inclusion of this income would have increased the income tax due and owed by the defendant by approximately \$192,112 for the two-year period. The defendant falsely subscribed to his 1996 and 1997 income tax returns willfully, which is a voluntary violation of a known legal duty.

This case was investigated by special agents of the Internal Revenue Service, Criminal Investigations, and was prosecuted by Assistant United States Attorneys Jay Hileman and Richard Magness.

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